



HR0876

LRB098 20426 RPS 56221 r

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HOUSE RESOLUTION

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WHEREAS, Illinois' continuing budget crisis and slow economic recovery has motivated discussion on how to save the State money, including a misguided proposal to shift the State's funding of the normal pension cost for the State Universities Retirement System and the Teachers' Retirement System to local entities, such as school districts and community colleges, and to public universities; and

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WHEREAS, Decades of the State's chronic mismanagement of funds and failure to adequately fund its five pension systems has resulted in a ballooning pension payment that has been crowding out funding to critical State programs and services for education, human services, and public safety; and

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WHEREAS, The FY14 projected normal cost, calculated by the Commission on Government Forecasting and Accountability, for the State Universities Retirement System will be \$680.9 million and for the Teachers' Retirement System will be \$1.792 billion; and

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WHEREAS, If these costs were combined they would represent a pension liability shift from the State to local governments of \$2.473 billion for FY14 alone; and

1 WHEREAS, Illinois already has one of the largest
2 residential property tax burdens in the nation; and

3 WHEREAS, The consideration of a State cost shift of this
4 magnitude, particularly when it is combined with the Property
5 Tax Extension Limitation Law, will dramatically impact a school
6 district's and community college's ability to allocate funds to
7 pay for the normal cost of pensions; and

8 WHEREAS, 39 of the 102 counties, which represents 53% of
9 the State's total school districts, are subject to the Property
10 Tax Extension Limitation Law, which hinders the ability of a
11 school district and community college to increase revenues to
12 accommodate a significant cost shift of State obligations to
13 local budgets; and

14 WHEREAS, The proposed cost shift would force significant
15 local budget reductions, which means teacher layoffs and
16 reductions in curricular offerings; and

17 WHEREAS, Over 60% of Illinois' public school districts are
18 operating under deficit spending and only 20% have more than
19 100 days of reserve cash on hand; and

20 WHEREAS, High property tax burdens in combination with the
21 pervasiveness of school district financial instability, the

1 unpredictability in State funds directed towards education,
2 and a whole host of statutorily required unfunded mandates have
3 made it especially hard for local school districts to operate
4 effectively; and

5 WHEREAS, It is anticipated that the cost shift for the
6 State Universities Retirement System will force community
7 colleges and universities to raise tuition in order to cover
8 the increased costs; and

9 WHEREAS, In the case of institutions of higher education,
10 every 1% of the normal cost shifted will require an additional
11 2% increase in tuition; and

12 WHEREAS, Institutions of higher education have already
13 been raising tuition steadily to cover the static or reduced
14 funding level from the State, most notably in the case of the
15 University of Illinois, which has already raised tuition by
16 112% in the last 10 years; and

17 WHEREAS, The unpredictable nature of pension costs makes it
18 difficult to provide an accurate account of the total impact of
19 a cost shift to local taxing districts, and it is even more
20 difficult to ask a school district or institution of higher
21 education to plan for these unknown factors over time; and

1 WHEREAS, The concept of shifting additional financial
2 burdens onto the State's already cash-strapped school
3 districts and institutions of higher education would
4 ultimately raise property taxes and increase tuition; and

5 WHEREAS, It is unfair and reckless to transfer an already
6 well-established State financial responsibility onto local
7 taxing districts, especially during this time of financial
8 uncertainty; therefore, be it

9 RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE
10 NINETY-EIGHTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, that
11 the normal cost of pensions for our State educators is the
12 responsibility of the State; and be it further

13 RESOLVED, That that the General Assembly should not use the
14 current budget crisis as a reason to shift its financial
15 responsibility for State pension costs to the local taxpayers.